

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2001-434

June 27, 2001

BANGOR HYDRO-ELECTRIC COMPANY
Request for Approval of a Special Rate Contract
Lincoln Pulp and Paper Company, Inc.

ORDER APPROVING
STIPULATION
(PART I)

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

We approve a Stipulation whereby Bangor Hydro-Electric Company (BHE), Lincoln Pulp & Paper Co., Inc. (Lincoln) and the Office of the Public Advocate recommend that the Commission approve a new special rate contract between BHE and Lincoln.

The new Special Rate Agreement (SRA) replaces a Power Supply Agreement (PSA) originally executed in 1996 and amended two times since then. The term of the PSA ran to March 31, 2002. The SRA will be in effect from July 1, 2001 until March 31, 2006. By the Stipulation and SRA, the parties resolve issues concerning the proper unbundling of Lincoln's post-April 1, 2001 power supply arrangement, and issues concerning the proper T&D contribution by Lincoln in the post-March 31, 2002 period.

We find that the Stipulation represents a fair and reasonable resolution to the issues presented by BHE's petition in this docket. We also find that BHE acted reasonably and prudently by executing the Special Rate Agreement with Lincoln. We issue our Order in two parts. In this Part I, we describe our conclusions and findings, and issue the ordering paragraphs necessary for Lincoln and BHE to execute the new SRA and to obtain bankruptcy court approval of the SRA. We will issue Part II explaining the rationale for our conclusions and findings in the near future.

Accordingly, we

O R D E R

1. That the Stipulation filed today in this docket is approved;
2. That the Special Rate Agreement attached to the Stipulation and this Order is approved pursuant to 35-A M.R.S.A. § 703;
3. That, pursuant to section 10 of Chapter 301 of our Rules, the opt-out fee that would otherwise be imposed on Lincoln Pulp and Paper Co., Inc. for terminating standard offer service as of July 1, 2001, is waived;

Part I

4. That, pursuant to section 10 of Chapter 301 of our Rules, the obligation on Lincoln Pulp & Paper Co., Inc.'s competitive electricity provider to notify Bangor Hydro-Electric Company at least two business days before Lincoln's meter read date, to transfer Lincoln Pulp & Paper Co., Inc. from the standard offer to the competitive electricity provider, is waived.

Dated at Augusta, Maine, this 27th day of June, 2001.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR:

Welch
Nugent
Diamond